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RUEHRO/AMEMBASSY ROME 3756
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File Pipeline

PASS COMMERCE FOR ASSISTANT SECRETARY BRADY

E.C. 12065: GDS 2/2/87 (GALBRAITH, EVAN G.) OR-M
TAGS: ENRG, FR
SUBJ: US TECHNOLOGY FOR SOVIET GAS PIPELINE

1. C - ENTIRE TEXT

2. CLAUDE COURTEAUX, VICE PRESIDENT AND DIRECTOR
GENERAL OF GENERAL ELECTRIC TECHNICAL SERVICES CO.
INC IN PARIS, TOLD ME ON FEBRUARY 1:

A. THE GE/ALTHSOM TECHNOLOGY AGREEMENT CONTAINS A
CLAUSE WHICH MAKES THE USE OF THE TECHNOLOGY
SUBJECT TO DEPARTMENT OF COMMERCE RESTRICTIONS
AGAINST SHIPMENTS TO COUNTRIES SPECIFIED FROM
TIME TO TIME BY COMMERCE AS BEING PROHIBITED. (HE IS

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SENDING ME A COPY OF THE OPERATIVE PARAGRAPHS)

B. AS HE UNDERSTANDS IT, ALTHSOM IS NOT ANXIOUS TO MAKE THESE GE PRODUCTS, EVEN THOUGH THE COMPANY KNOWS HOW TO DO IT. THE PRODUCTION RUNS DO NOT JUSTIFY THE INVESTMENT, THE STAFFING AND THE MANAGEMENT TIME.

C. IF THE DEPARTMENT OF COMMERCE PREVENTS THE SHIPMENT OF MATERIAL BASED ON GE TECHNOLOGY IT IS HIGHLY UNLIKELY ALTHSOM OR ANYONE ELSE WOULD TRY TO CIRCUMVENT THE AGREEMENT.

D. THE SOVIETS ARE VERY RELUCTANT TO USE THE ROLLS ROYCE ENGINES FOR COMPRESSORS. THE ONLY OTHER POSSIBLE SUBSTITUTE WOULD COME FROM BROWN BOVERI (SWITZERLAND) BUT THE SATISFACTORY APPLICATION OF THEIR PRODUCT TO THIS PIPELINE IS QUESTIONABLE.

E. IN CONCLUSION, IF THE DEPARTMENT OF COMMERCE WERE TO TRIGGER THE RESTRICTIVE CLAUSE IN THE GE AGREEMENT EXECUTION OF THE PIPELINE WOULD BE SET BACK FOR TWO YEARS.

3. COMMENT: THIS CONFIRMS MOST OF WHAT I HAVE OTHERWISE UNDERSTOOD. I HAVE TOLD PRIME MINISTER MAUROY WE CAN THROUGH OUR EMBARGO ON THE USE OF OUR TECHNOLOGY DELAY THE GAS PIPELINE FOR YEARS AND THAT WE INTEND TO DO SO. HAS COMMERCE ALREADY TAKEN THE STEPS NECESSARY TO ASSURE THAT THIS GE TECHNOLOGY CAN NOT BE USED FOR THE SIBERIAN PIPELINE? IF NOT, PRECISELY WHAT FURTHER ACTION MUST BE TAKEN TO TRIGGER THIS RESTRICTION?

GALBRAITH

END OF MESSAGE

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